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MARKET ADMINISTRATOR

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Market Administrator's

BULLETIN

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OCTOBER, 1964

Vol. 20 No. 10

Number of Milk Cows Continue to Decline

The Dairy Situation, Economic Research Service USDA, September 1964

The number of milk cows on farms in the United States in June was estimated at 16,072,000, down 2.9 percent from a year earlier. The rate of decline was about the same as reported for June, 1963. However, the drop is slightly larger than the 2.7 percent average since 1953.

Over the past 25 years, the June estimate of milk cow numbers has been about the same as the annual average number for the year, the difference being less than one-tenth of 1 percent. Based on this, the average number of milk cows in 1964 will be about 16.1 million

The decline in milk cow numbers is related to a sharp decline in the number of farms keeping milk cows, which is apparently continuing. Relatively poor pasture and forage conditions in the past two years undoubtedly accentuated this year's drop.

Among economic factors affecting the downtrend in milk cow numbers were production in excess of commercial demand with milk prices at or near support levels, low milk prices in relation to prices of alternative farm products such as beef cattle and hogs; the price of milk in relation to production costs, particularly feed costs and wage rates; and employment opportunities off farms.

During the rest of 1964 the number of milk cows on farms probably will continue to decline near the 1963 to 1964 rate, since poor pasture and low roughage supplies in some areas are likely to offset effects of favorable price relationships for dairying into 1965.

Changes in milk cow numbers vary among regions largely because changes in the demand for milk have not been uniform in all parts of the country, but also because differences exist in the availability and attractiveness of alternatives to dairy farmers. The sharpest reductions since 1950 have occurred in the South Central region. Farm resources formerly used to produce milk have been shifted to production of beef cattle and crops at a faster rate than in other areas. Within the past year, drought has undoubtedly increased this rate of milk cow decline in some of these States, particularly in Arkansas, which had the sharpest drop from a year earlier of any State, 9 percent.

Shifts out of dairying have also been pronounced in the North Central region with the exception of the Lake States — Michigan, Wisconsin, and Minnesota. In the Corn Belt and Northern Great Plains, conditions

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DAIRY PRICE SUPPORT ACTIVITY ABOUT THE SAME AS YEAR AGO

The Dairy Situation, Economic Research Service
USDA, September 1964

Commercial disappearance of milk and dairy products during the first 7 months of this year increased more above a year ago than milk production.

CCC butter purchases and PIK exports of butter combined were 25.2 million pounds in July, 3.2 million pounds less than a year earlier. January-July 1964 butter purchases and PIK exports amounted to 278.1 million pounds compared with 292.7 million a year earlier.

CCC export sales of butter during April 1-July 31 for delivery in the marketing year 1964-65 were 17.6 million pounds, slightly above a year earlier. In addition PIK certificates were issued for 22 million pounds of exports from commercial stocks. Movement of CCC stocks through domestic programs is above last year's April-July total, and the total for the entire marketing year is expected to be somewhat above 1963-64. Commitments of butter for foreign donations during the remainder of the current marketing year are expected to be lower than last year's 215.4 million pounds. Uncommitted CCC stocks are expected to continue down the rest of 1964 as commitments

(Continued on Back Page)



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	.....
Class I (3.5%)	.....
Class II (3.5%)	.....
Class III (3.5%)	.....
Class IV (3.5%)	.....
Producer Butterfat Differential for each one-tenth percent	.....

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	.....
Percent of Producer Butterfat in Class I	.....
Percent of Producer Milk in Class II	.....
Percent of Producer Butterfat in Class II	.....
Percent of Producer Milk in Class III	.....
Percent of Producer Butterfat in Class III	.....
Percent of Producer Milk in Class IV	.....
Percent of Producer Butterfat in Class IV	.....

PRODUCER MILK RECEIPTS

Total Pounds of Producer Milk Delivered	.....
Average Daily Class I Producer Milk	.....
Total Number of Producers	.....
Average Daily Receipts per Producer	.....
Average Butterfat Test	.....
Total Value of Producers Milk at Test	.....
Income per Producer (7 day average)	.....

GROSS CLASS USE (Pounds)

Class I Skim	.....
Class I Butterfat	.....
Class I Milk	.....
Class II Skim	.....
Class II Butterfat	.....
Class II Milk	.....

AVERAGE DAILY SALES (Quarts)

Milk	.....
Buttermilk	.....
Chocolate	.....
Skim	.....
Cream	.....

Sept. 1964	August 1964	Sept. 1963
\$4.54	\$4.18	\$4.76
4.50	4.47	4.49
3.24	3.15	4.093
—	—	3.818
—	—	3.145
7.6¢	7.5¢	7.6¢
86.2	77.1	87.9
85.0	77.0	86.2
13.8	22.9	7.4
15.0	23.0	2.1
—	—	2.4
—	—	4.5
—	—	2.3
—	—	7.2
41,187,265	43,359,952	33,575,439
1,211,984	1,082,046	983,720
1,651	1,646	1,361
832	850	822
3.60	3.54	3.63
\$1,812,247	\$1,819,629	\$1,508,813
\$256	\$249	\$258
35,070,899	32,357,618	28,530,014
1,288,637	1,184,824	1,049,298
36,359,536	35,543,442	29,579,312
7,056,587	10,880,792	2,559,969
241,332	368,149	25,185
7,297,919	11,248,941	2,585,154
439,032	359,013	316,840
6,830	7,182	4,990
32,177	19,023	18,249
13,159	11,960	9,839
9,816	9,328	8,128

Area Extended Effective May 1, 1964

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA

★ Sept., 1955 - '64

Year	Receipts From Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1955.....	21,917,159	3.77	82.0	8.9	7.0	2.1	4.48	4.55	4.15	4.15	3.195	2,089	350
1956.....	23,259,478	3.75	80.7	8.9	6.1	4.3	4.43	4.528	4.128	4.128	3.252	2,042	380
1957.....	23,118,767	3.73	86.0	7.2	3.5	3.3	4.54	4.648	4.248	4.148	3.146	1,885	409
1958.....	22,663,422	3.71	87.8	8.8	1.0	2.4	4.41	4.472	4.072	3.972	2.968	1,768	427
1959.....	24,655,540	3.65	92.2	5.7	.8	1.3	4.88	4.584	4.184	3.866	3.167	1,732	475
1960.....	26,321,725	3.63	85.7	8.6	2.1	3.6	4.77	4.556	4.156	3.851	3.097	1,611	545
1961.....	27,490,420	3.58	83.0	8.9	3.8	4.3	4.86	4.684	4.284	3.926	3.253	1,229	746
1962.....	31,068,029	3.65	83.4	7.5	3.1	6.0	4.61	4.43	4.028	3.695	3.022	1,350	767
1963.....	33,575,439	3.63	87.9	7.4	2.4	2.3	4.76	4.49	4.093	3.818	3.145	1,361	822
1964.....	41,187,265	3.60	86.2	13.8	—	—	4.54	4.50	3.240	—	—	1,651	832

USDA Developed Method for Drying Whey Now Used Commercially

An ingredient that used to give dairy-processors a disposal problem has been turned into a taste-treat, thanks to a process developed by the U.S. Department of Agriculture.

Milk processing plants used to have a problem disposing of cottage cheese whey because its high acid content made it almost impossible to dry. There was no satisfactory method for processing it for food use.

Using a foam-spray drying process developed by scientists of USDA's Agricultural Research Service, dairy processors can now dry cottage cheese whey; just as they have been drying sweet cheese for many years.

The new process is important in Rural Area Development because of its potential for increasing the income of dairy farmers.

Whey manufacturers have found the foam-spray equipment relatively inexpensive to install and operate. One manufacturer in New York now has the capacity to produce three million pounds of dried cottage cheese whey a year. The entire cottage cheese industry has a potential for producing about 400 million pounds of dried whey a year — with a value of approximately \$40 million dollars.

Broad markets are anticipated for foam-spray dried cottage cheese whey in the food industry as an in-

gredient in sherberts, breads, cakes, cookies, salad dressings, soups, confections and other products in which lactose and lactic acid are desirable for good flavor and texture

Industry is now investigating these and other food uses for whey, which also adds valuable nutrients to the products since it contains about half of the original milk solids.

The new dried whey is free flowing and reconstitutes readily when mixed with liquids, whereas cottage cheese whey dried by previously available methods is sticky and lumpy and does not reconstitute readily — characteristics that have limited its use in foods.

Price Support Activity Down Substantially In 1963-64

Farmers reduced the quantity of 1963 feed grains placed under the price support in 1963-64 to 16.3 million tons, about a third less than in each of the 3 preceding years. The 395 million bushels of corn placed under price support was down sharply from the large quantities placed under the program in the crop years 1960, 1961 and 1962. Farmers also placed substantially less sorghum grain and barley under price support, but a larger quantity of oats than in 1962-63.

The reduction in the quantity of feed grains placed under price sup-

port this year was due largely to a change in the Feed Grain Program. The 1963 support prices were made up of loan rates and price support payments. For this reason, the loan rates for corn, sorghum grain and barley were well below the 1962 loan rates, when the entire price support was provided through loans. Also, the CCC sale prices were generally higher in 1963-64, since feed grains could not be sold under the certificate pool at less than the loan rate plus carrying charges. This resulted in feed grain prices being much higher in relation to the loan rate this year than in 1962-63.

Farmers are redeeming more of the 1963 feed grains placed under loan than in 1962-63. Corn, sorghum grain and barley prices have been above the loan rates this spring and summer. Through June, farmers had repaid their loans on 86 million bushels of corn, 12 million of barley, 6 million of sorghum grain and 5 million of oats, or a total of about 3 million tons. The total quantity of 1963 feed grains delivered to CCC will be much less than from the 1961 and 1962 crops, when deliveries totaled over 20 million tons each season.

NUMBER OF MILK COWS . . .

(Continued from Page One)

were favorable to the production of grain and beef. As dairy farmers shifted over, particularly in areas of low production, milk output has declined further. This shift has been occurring for a number of years.

Scarcity of more attractive farm alternatives in the Northeast and the Lake States and a rapidly growing population in the West have limited declines in milk cow numbers in those regions. Also, dairy prices in the Lake States have improved relative to those of other areas, because increased population has enabled these States to market more of their milk output as higher-valued fluid products.

Pasture Conditions Lower Milk Production Last Three Years

Farm milk production has become less dependant on year to year fluctuations of weather than when most cows freshened in spring, and pastures furnished a larger part of feed requirements than now. Nevertheless, below-normal pasture conditions in 1962, 1963, and 1964 lowered prospective milk production in each year.

DAIRY PRICE SUPPORT ACTIVITY . . . (Continued from Page One)

ments to use exceed deliveries.

Cheese purchases in July were 22.5 million pounds, up 3.4 million from last July's acquisitions. The January-July total was 81.8 million this year compared with 64.8 million in 1963.

Utilization of CCC cheese purchases during April-July 1964 was above a year earlier, and uncommitted stocks as of July 31 were lower. During the 1964-65 marketing year, purchases are likely to be about the same as in 1963-64, and it is anticipated that all of the current year's purchases will be committed to use and not increase CCC stocks.

July acquisitions of non-fat dry milk were 45 million pounds, compared with 107 million in July, 1963. Payment-in-kind exports in July were 70 million pounds, compared with last July's 25 million pounds. The April-July total removed from the

domestic commercial market this year was 476 million pounds of CCC purchases and PIK exports compared with 531 million for the same period of 1963. Lower price support activity for nonfat dry milk so far this marketing year is due to the apparent increase in domestic disappearance from commercial sources.

In August Congress passed legislation to extend for three years the armed forces and veterans dairy program. The program was due to expire December 31, 1964. Under this program payments are made to military agencies and veteran's hospitals for part of the cost of increased consumption of milk over the standard ration. This legislation also authorizes the donation of CCC-owned dairy products for increased use by the armed forces and Veterans Administration hospitals.

Market Quotations

SEPTEMBER
1964

MINNESOTA - WISCONSIN PRICE SERIES	\$3.24
MIDWEST CONDENSERIES 3.5% per Cwt.	3.124
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.171
Average Price per lb. 92-score butter at Chicago	6.132
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant	.1430

THE

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